



Future Debt Capital Project

July 9, 2019



GO Bond Election Assumptions

- Issue \$145M over 7 years (FY2020-2026) at roughly \$20M each year
- We also looked at debt capacity in the out years and the affect on the property tax rate
- 0.25% Sales tax revenue for debt service payments on debt issued for GO Bond Projects
- In future years, after the GO Bond projects are funded, additional revenue above the debt service amount needed will be used to cash fund other street & drainage projects



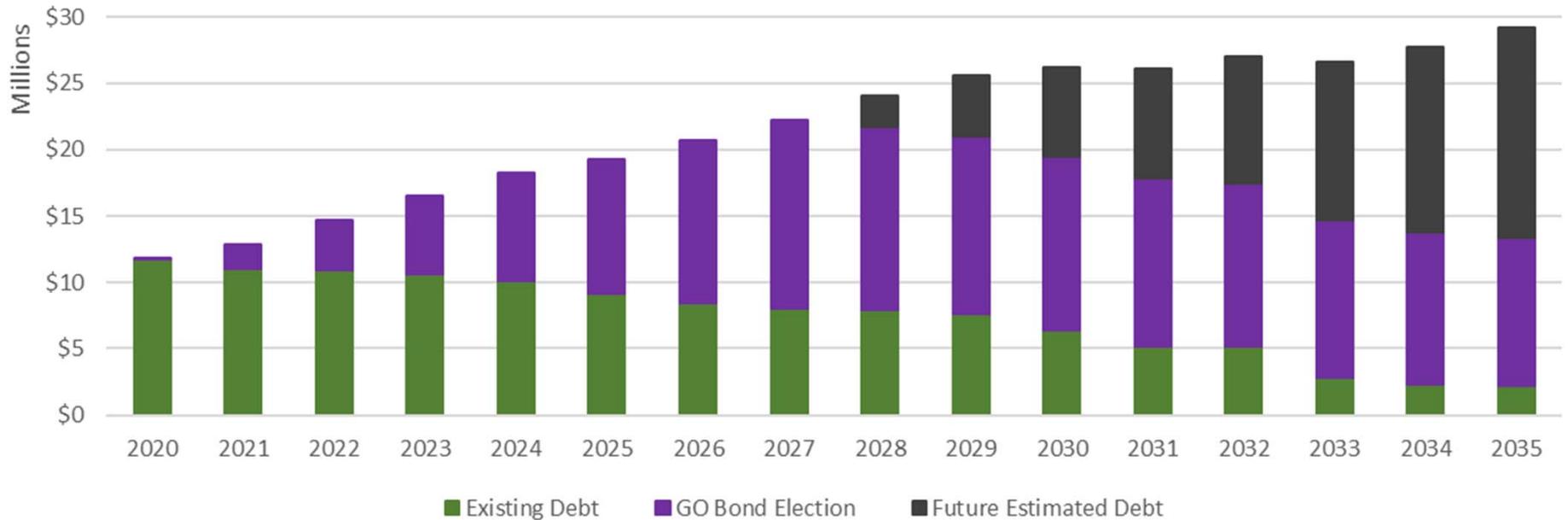
GO Bond Election Assumptions

GO BOND \$145M issued FY2020-2026
FY2027-2034 Debt Estimated \$165M





DEBT SERVICE PAYMENTS GO BOND \$145M issued FY2020-2026 FY2027-2034 Debt Estimated \$165M





GO Bond Project Implementation

- Staff has heard the call for action from the Council and citizens regarding the implementation of the GO Bond projects
- Several projects already under design and construction funds are part of the GO Bond Election
 - Calder Rd South from Ervin to Cross Colony
 - Grissom Road
 - North Landing Extension (land, environmental & construction)
- Four Drainage projects have been added to the CIP and capital budget and design was approved by Council just weeks after the election



GO Bond Project Implementation

Projects with design contracts approved by Council on May 28th:

- DR1901 Bay Ridge Flood Reduction, Phase III (\$260,500)
- DR1902 Deer Ridge Dr Buy-out & Overland Flow Imp. (\$249,976)
- DR1903 Dove Meadows & Borden's Gully Detention Pond (\$255,500)

Project with design contract approved by Council on June 25th:

- DR1904 Bay Ridge Flood Reduction, Phase IV (\$669,348)



CASH FLOW

- Anticipate first GO Bond Issue of \$20 million in Nov. 2019
- First payment due in FY2020 which is included in the proposed budget document
 - Proposed budget keeps debt service rate at the same as previous year (\$0.150002 per \$100 valuation)
 - The debt fund has an estimated fund balance of \$4.66 million at the end of FY2020 per the proposed budget
- Drainage projects design total - \$ 1.435 million
 - Currently funded in Misc Capital Projects Fund and based on other project timing may require additional cash from GF fund balance.



CASH FLOW

- Calder South construction will bid in September once utilities are relocated – estimated at \$7.7 million
- Sales Tax collections will start in December 2019 for October sales
- Second GO Bond issue for a second \$20 million may be needed as early as Summer 2020 with first payment due in 2021
 - Payment will be part of FY2021 budget process
 - Sales tax collected from Dec 2019-Jan 2021 (\$3.5 million)



CASH FLOW

- Possible hurdles to overcome:
 - FY2020 Proposed Budget prepared based on same debt rate as previous year and preliminary values
 - If drainage projects that have been submitted for grants are awarded, there is a 3-year timeline for completion and that may change amount of GO Bond issued each year
 - Sales tax revenue for the 0.25% is also an estimate
 - Accelerating the program to the point of debt service payments not fitting within neutral property tax rate

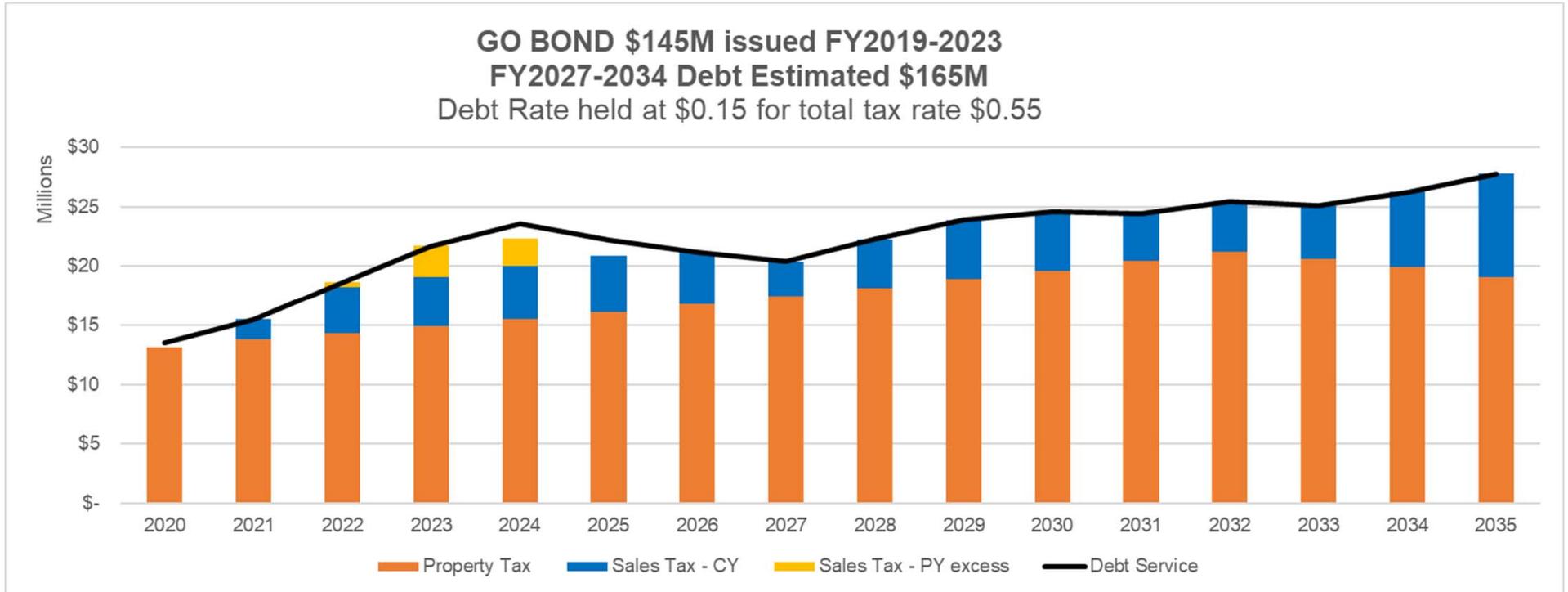


GO BOND \$145M issued FY2019-2023 FY2027-2034 Debt Estimated \$165M





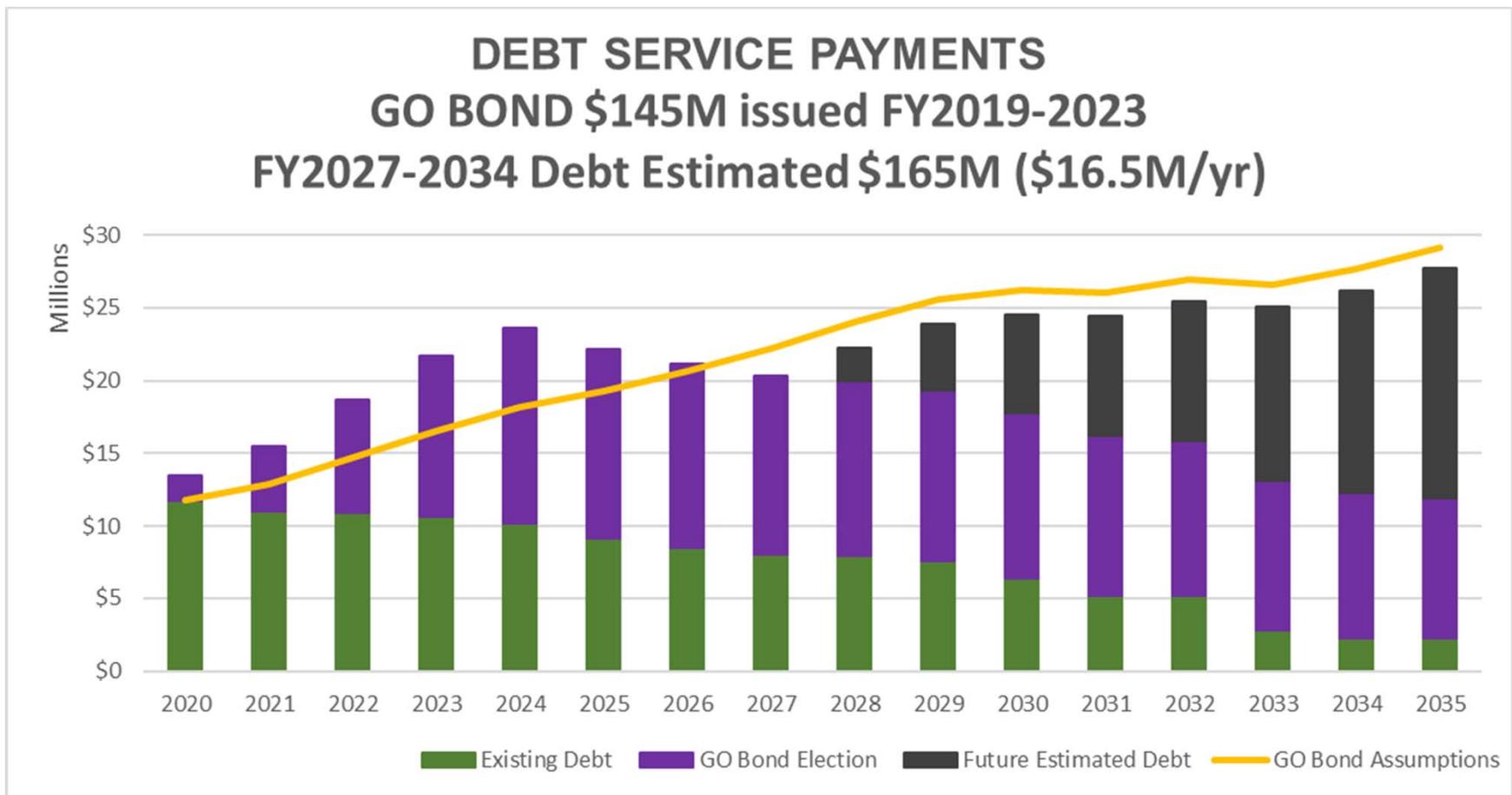
Potential Debt Payments outpace Estimated Revenue FY2024-2025





Comparing Debt Payments by Year

7 year GO Bond Assumptions vs 5 year Accelerated





CASH FLOW

- Options:
 - Award of grants (bond issue amount would be decreased by amount of grants)
 - Debt service payment structure – (defer principle)
 - If taxable values grow faster than assumptions, there may be additional M&O portion of the property tax that can cash fund projects or use to pay debt service
 - Debt Service Fund has fund balance of \$4.66 million
 - GO Bond assumptions were at tax rate of \$0.5638, FY2020 proposed budget at \$0.55



CASH FLOW

- Unknowns:
 - Interest rate differing from rate used in forecast
 - Actual Sales Tax Revenue and cash on hand at time of bond issue to reduce amount of debt issued
 - Actual Property Tax Values in the future as compared to forecast

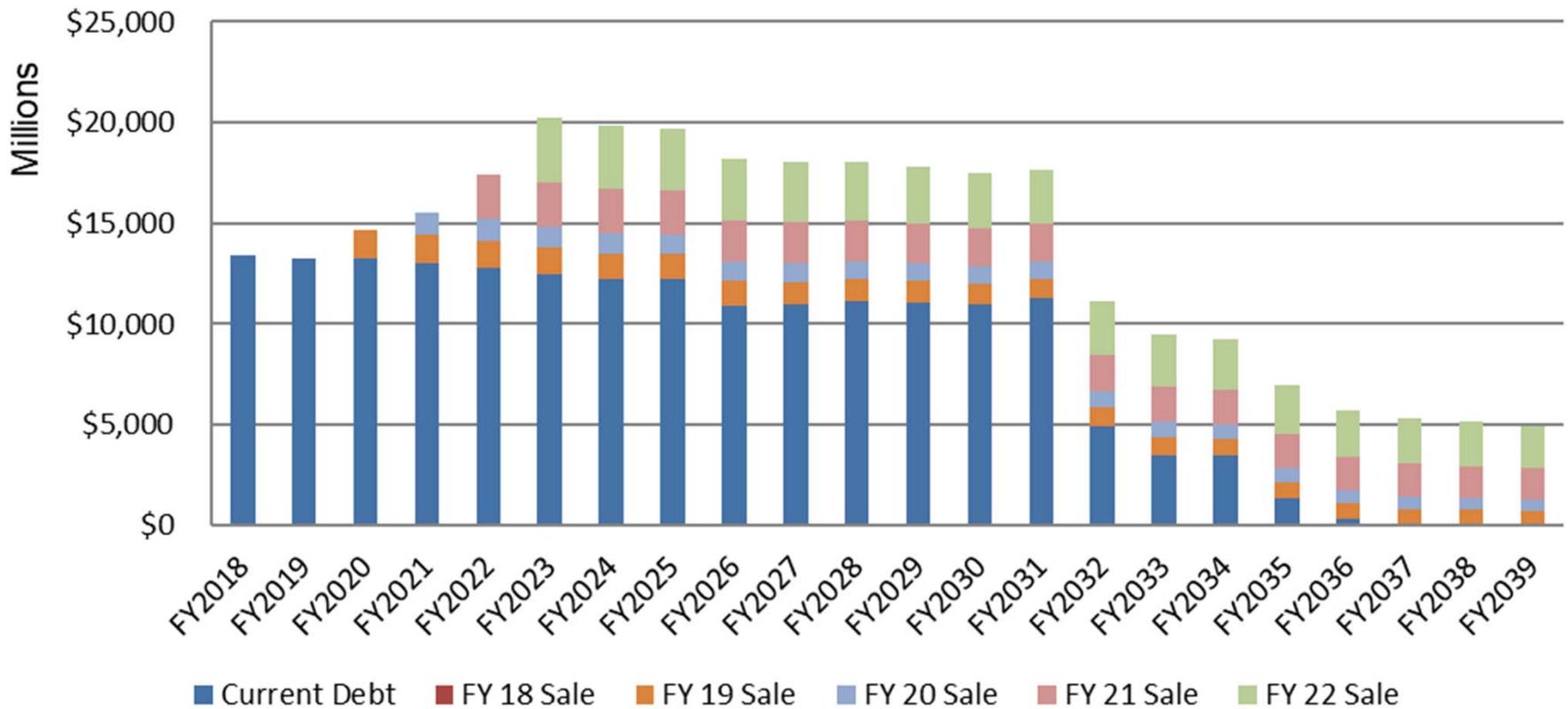


CASH FLOW

- Staff GOALS:
 - Start projects based on priority
 - Maximize non-bond funding (grants & sales tax)
 - Complete projects timely
 - Be engaged and creative in cash management to maximize the number of projects that can be started each year based on financing options and sales tax revenue while staying within debt capacity that keeps property tax rate neutral
 - Work with Financial Advisor to time sales for best rates, structure debt payments to meet debt capacity and desired tax rate, protect our credit rating

Utility Fund Debt Payments

Based on \$113.75 Million new debt FY2019-2023 CIP





UTILITY FUND PROJECTIONS (\$THOUSANDS)

	FY2019 Budget	FY2020 Base	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
Beginning Balance	\$10,390	\$10,589	\$10,589	\$11,101	\$9,959	\$8,124	\$4,590
Revenue							
Current Revenue	\$36,204	\$36,204	\$36,999	\$37,794	\$38,591	\$39,385	\$40,180
Subtotal Revenues	\$36,204	\$36,204	\$36,999	\$37,794	\$38,591	\$39,385	\$40,180
Expenditures							
Operating Expenditures	\$16,280	\$16,275	\$16,670	\$17,127	\$17,604	\$18,099	\$18,616
Current Debt Service	\$12,913	\$12,842	\$12,842	\$13,044	\$12,788	\$12,477	\$12,232
Future Debt Service	\$0	\$0	\$0	\$1,420	\$2,514	\$4,640	\$7,736
Transfer to General Fund	\$3,312	\$3,312	\$3,312	\$3,312	\$3,312	\$3,312	\$3,312
Transfer to CIP	\$3,500	\$3,500	\$3,500	\$3,700	\$3,700	\$3,700	\$4,000
2 Additional Positions Annually	\$0	\$0	\$164	\$333	\$508	\$691	\$880
Subtotal Expenditures	\$36,005	\$35,929	\$36,488	\$38,936	\$40,426	\$42,919	\$46,776
Revenue Over/(Under) Expenditures	\$199	\$275	\$512	(\$1,142)	(\$1,835)	(\$3,534)	(\$6,595)
Ending Balance	\$10,589	\$10,865	\$11,101	\$9,959	\$8,124	\$4,590	(\$2,006)
Utility Fund Reserves							
90 Days of Operating Expenditures as Working Capital	\$4,014	\$4,013	\$4,110	\$4,223	\$4,341	\$4,463	\$4,590
Excess Working Capital	\$6,575	\$6,852	\$6,991	\$5,736	\$3,783	\$127	(\$6,596)
Days Working Capital Over 90 Days	147	154	153	122	78	3	(129)



**Questions?
Comments?**